

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Southbridge Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: November 9, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on August 15 of each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.35% to 7.15% and an adjustment to the fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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Southbridge Retirement System
January 1, 2020 Actuarial Valuation

Total cost increasing 5.5% until FY34, with a final amortization payment in FY35

<u>Fiscal</u> <u>Year</u>	<u>Normal</u> <u>Cost</u>	<u>Net</u> <u>3(8)(c)</u>	<u>Amort. of</u> <u>UAL</u>	<u>Total</u> <u>Cost</u>	<u>Unfunded</u> <u>Act. Liab.</u>	<u>Total Cost</u> <u>% Increasing</u>
2021	1,617,457	350,000	2,495,666	4,463,123	35,737,791	
2022	1,690,243	350,000	2,668,352	4,708,595	35,641,815	5.5%
2023	1,766,304	350,000	2,851,264	4,967,567	35,355,526	5.5%
2024	1,845,787	350,000	3,044,996	5,240,784	34,854,455	5.5%
2025	1,928,848	350,000	3,250,179	5,529,027	34,111,748	5.5%
2026	2,015,646	350,000	3,467,477	5,833,123	33,097,965	5.5%
2027	2,106,350	350,000	3,697,595	6,153,945	31,780,854	5.5%
2028	2,201,136	350,000	3,941,276	6,492,412	30,125,107	5.5%
2029	2,300,187	350,000	4,199,308	6,849,495	28,092,104	5.5%
2030	2,403,695	350,000	4,472,522	7,226,217	25,639,626	5.5%
2031	2,511,862	350,000	4,761,797	7,623,659	22,721,552	5.5%
2032	2,624,895	350,000	5,068,065	8,042,960	19,287,528	5.5%
2033	2,743,016	350,000	5,392,307	8,485,323	15,282,613	5.5%
2034	2,866,451	350,000	5,735,564	8,952,016	10,646,894	5.5%
2035	2,995,442	350,000	5,360,931	8,706,372	5,315,067	-2.7%
2036	3,130,237	350,000		3,480,237	0	-60.0%

Appropriation payments assumed to be made August 15 of each fiscal year.

Normal cost assumed to increase 4.5% per year.

Assumed expenses of \$400,000.

FY21 amount maintained at level of current funding schedule.